

BULK FUEL PURCHASING

1. Initial action by Messrs. Macintosh and Simm resulted in the attached letter being addressed to

Ampol	Esso
Amoco	Mobil Oil
B.P. Australia	Shell
Caltex	

2. RESPONSE

Amoco phoned declining the proposal for discussion as did Mobil Oil.

Caltex wrote expressing a desire to retain their present marketing structure and stating "we do not believe we can meet the Federation's requirements on pricing of fuel".

Ampol)
Esso) expressed interest in the proposal.

B.P. could be interested if all supplies are charged through one account but expressed some concern on effect on current distributors with whom they will check.

All stated they require detailed information on:

- . Ownership of equipment at each delivery point.
- . The volume offtake at each delivery point.
- . The location of each delivery point.
- . The financial standing of the users.
- . How the accounts are to be maintained.

The volume of sales indicated would attract maximum rebate subject to such factors as:

Terms of Trading - C.O.D., 7 days, 30 days.

Administration costs of accounting, e.g. one central account more attractive.

Supply location.

Current state of and ownership of equipment.

3. ALTERNATIVE MATTERS FOR CONSIDERATION

- (a) CFV maintains central account - responsible for collection from delivery point co-operatives
- controls distribution of rebates.
- (b) Delivery point co-operatives operate their account with the oil company, will receive rebates and CFV would have to negotiate with each to collect its dues.

- (c) If local equipment is owned by the users then the Co-operative symbol could be used on the bowlers as a State-wide promotion.

If alternative (a) adopted income from this operation would have to be adequate to cover administration costs.



CO-OPERATIVE FEDERATION OF VICTORIA LTD.

225 Swanston Street, Melbourne, Victoria 3000, Australia

Telephone: (03) 663 1674

Postal Address: G.P.O. Box 5211AA, Melbourne, Victoria 3001, Australia

25th August, 1983.

BULK FUEL PURCHASES

This Federation has in membership a wide range of Co-operatives involved in Dairy, Fishing, Trading, Transport, Fruit processing industries to mention some. These are located in different parts of the State.

One of the objects of the Federation, as its name suggests, is to encourage Co-operatives to co-operate more with each other and so provide improved social and economic benefits for their members and the communities they serve.

One way of achieving this object is for those Co-operatives engaged in the fuel business, either as retailers or servicing their fleet vehicles or fishing boats, to combine their user needs to obtain better purchasing terms and, at the same time, provide an oil company with a co-ordinated supply outlet.

Whilst it is accepted that not all Co-operatives will wish to join such a scheme until it has demonstrated its effectiveness nevertheless sufficient numbers have expressed interest in the matter being investigated in detail to enable a positive expression of interest to be sought from fuel distributing companies.

I am therefore addressing this introductory letter to you, which I would very much like to be permitted to follow up with a personal visit, to enable us to discuss the proposal informally and in more detail.

Co-operatives in north east Victoria, east, central and west Gippsland and Western Districts with the combined fuel usage of -

Super:	9,500,000	litres
Standard:	1,300,000	"
Diesel/Distillate:	2,050,000	"
Other including L.P. Gas:	600,000	"

have expressed interest in obtaining tender quotations for bulk ordering through this office.

The questions I would like to discuss during my arranged visit with you are:-

- (i) Is your company interested in the proposition of co-ordinated sales through a central State body with ordering and invoicing direct from and to the selling point with a monthly allowance to the central State body for this co-ordinating service?
- (ii) If so, would you be able to indicate the price for this quantity of fuel, i.e.

List price, including duty	
plus freight impost	
less freight subsidy	
less any rebate offer	Total quote per litre

Other matters affecting the proposal could be discussed. I will phone in the week commencing 5th September 1983 with the object of making an appointment to see you to discuss this matter further.

Yours sincerely,

W. W. Rawlinson,
Executive Officer.

Mr. Ian Mackay,
Sales Manager,
Ampol Petroleum (Vic.) Pty. Ltd.,
499 St. Kilda Road,
MELBOURNE, 3004.

Mr. Graham Lawrence,
Sales Manager (Commercial),
Amoco Australia Ltd.,
11 Queens Road,
MELBOURNE, 3000.

Mr. Michael Wootton,
Sales Development Manager,
BP Australia Ltd.,
Victorian State Office,
31 Albert Road,
MELBOURNE, 3000.

Mr. K. B. Robinson,
Sales Manager (Wholesale),
Caltex Oil (Australia) Pty. Ltd.,
500 Collins Street,
MELBOURNE, 3000.

Mr. Peter Jesser,
Sales Manager,
Esso Australia Ltd.,
Simcock Ave.,
SPOTSWOOD, 3015.

Mr. Henry Frolich,
Sales Manager,
Victorian Branch,
409 St. Kilda Road,
MELBOURNE, 3004.

Mr. Malcolm MacPherson,
Sales Manager,
The Shell Co. of Australia Ltd.,
Victorian Branch,
11 Dorcas Street,
SOUTH MELBOURNE, 3205.